



Health Services
LOS ANGELES COUNTY

December 29, 2015

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **NOTICE OF EXTENSION OF AGREEMENTS FOR
DIETARY AND CAFETERIA SERVICES**

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Deputy Director, Strategy and Operations

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

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www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

This is to advise the Board that the Department of Health Services (DHS or Department) has exercised its delegated authority, approved on September 29, 2015 (attached), to execute amendments to the Dietary and Cafeteria Services Agreements: No. 70295, H-211094, 74158, 70694, 70294 with Morrison Health Care, Inc., and No. 68444 with Sodexo Operation, LLC, to extend the term of each of the aforementioned Agreements for the period of January 1, 2016 through March 31, 2016. These Amendments will allow for uninterrupted services at Harbor-UCLA Medical Center, Hubert Humphrey Comprehensive Health Center, LAC+USC Medical Center, Olive View-UCLA Medical Center, High Desert Regional Health Center, Rancho Los Amigos National Rehabilitation Center, Martin Luther King, Jr. Outpatient Center and Augustus F. Hawkins Mental Health Center.

DHS issued a Request for Proposals for new agreements, which resulted in proposal submissions from two proposers for each of the facility groups. The Department is finalizing negotiations with the highest ranked proposer, Morrison Health Care, Inc., and intends to return to the Board to request approval of new Agreements. Among the items being negotiated is a revised cost with proposer to ensure compliance with the new Living Wage requirements. The timing for returning to the Board for approval of successor agreements will depend on whether there are any protests to the recommended awards.

County Counsel has reviewed and approved the Amendments as to form.

If you have any questions or require additional information, please let me know.

MHK:es
Attachment

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors



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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

16 September 29, 2015

Los Angeles County
Board of Supervisors

Hilda L. SoRa
First District

Mark Ridley-Thomas
Second District

Shella Kuehl
Third District

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Fourth District

Michael D. Antonovich
Fifth District

September 08, 2015

PATRICK OGAWA
ACTING EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

Mitchell H. Katz, M.D.
Credent

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

**APPROVAL OF AMENDMENTS TO PROPOSITION A DIETARY AND
CAFETERIA SERVICES AGREEMENTS
(ALL DISTRICTS)
(4 VOTES)**

313 N Figueroa Street, Suite 912
Los Angeles, CA 90012

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SUBJECT

Request approval of amendments to extend the term of existing Proposition A Dietary Services Agreements and one non-Proposition A Cafeteria Services Agreement at various Department of Health Services facilities.

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IT IS RECOMMENDED THAT THE BOARD:

1. Make a finding pursuant to Los Angeles County Code Section 2.121.420 that the continued provision of Dietary and Cafeteria Services, as described herein, may continue to be performed more economically by an independent contractor.
2. Approve and instruct the Mayor to sign the attached Amendment No. 22 to Proposition A (Prop A) Agreement No 70295 with Morrison Management Specialists, Inc., dba Morrison Health Care, Inc. (Morrison), effective upon approval by the Board, to extend the term of the Agreement for the period of October 1, 2015 through December 31, 2015, for the continued provision of Dietary Services at Harbor-UCLA Medical Center (H-UCLA MC) and Hubert H. Humphrey Comprehensive Health Center (HUMPHREY CHC) for an estimated cost of \$1,230,000 and \$16,125 respectively.
3. Approve and instruct the Mayor to sign the attached Amendment No. 12 to Prop A Agreement No. 74158 with Morrison, effective upon approval by the



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Board, to extend the term of the Agreement for the period of October 1, 2015 through December 31, 2015, for the continued provision of Dietary and Cafeteria Services at LAC+USC Medical Center (LAC+USC MC) for an estimated cost of \$3,007,619.

4. Approve and instruct the Mayor to sign the attached Amendment No. 22 to Prop A Agreement No. 70694 with Morrison, effective upon approval by the Board, to extend the term of the Agreement for the period of October 1, 2015 through December 31, 2015, for the continued provision of Dietary and Cafeteria Services at Olive View-UCLA Medical Center (OV-UCLA MC) and registered dietician services at High Desert Regional Health Center (High Desert RHC) for an estimated cost of \$834,000 and \$23,500 respectively.

5. Approve and instruct the Mayor to sign the attached Amendment No. 23 to Prop A Agreement No. 68444 with Sodexo Operations, LLC (Sodexo), effective upon approval by the Board, to extend the term of the Agreement for the period of October 1, 2015 through December 31, 2015, for the continued provision of Dietary and Cafeteria Services at Rancho Los Amigos National Rehabilitation Center (RLANRC), for an estimated cost of \$895,068.

6. Approve and instruct the Mayor to sign the attached Amendment No. 22 to Agreement No. H-211094 with Morrison, effective upon approval by the Board, to extend the term of the Agreement for the period of October 1, 2015 through December 31, 2015, for the continued provision of Public Cafeteria Services at H-UCLA MC, for estimated revenue of \$17,628.

7. Approve and instruct the Mayor to sign the attached Amendment No. 21 to Prop A Agreement No. 70294 with Morrison, effective upon approval by the Board, to extend the term of the Agreement for the period of October 1, 2015 through December 31, 2015, for the continued provision of Dietary Services at the Martin Luther King, Jr. Outpatient Center (MLK OC), specifically for the Augustus F. Hawkins Mental Health Center, for an estimated cost of \$345,250.

8. Delegate authority to the Director to execute future amendments to the Agreements identified in Recommendations No. 2 through 7, to: (i) extend the term of such Agreements for up to three months, for the period January 1, 2016 through March 31, 2016, at the estimated amounts indicated above with no increase in rates, subject to review and approval by County Counsel, and with notice to the Board and Chief Executive Office; and/or (ii) add or update Board or otherwise mandated provisions.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation is necessary to comply with Los Angeles County Code Section 2 121.420, which requires that contracting under Prop A be cost-effective. The Department of Health Services (DHS) has made this determination, as the scope of work and pricing schedules will remain unchanged during the recommended extension period.

Approval of recommendations two through eight will allow for uninterrupted services of essential Dietary and Cafeteria Services at DHS facilities until DHS finalizes the Prop A compliant Request for Proposals (RFP) process and allows for a transition period of resulting successor Agreements. A single RFP for Dietary and Cafeteria services was issued with instructions to Proposers to submit

separate price and facility specific proposals for H-UCLA MC; LAC+USC MC; OV-UCLA MC and High Desert RHC and RLANRC. Although currently cafeteria services for H-UCLA MC are provided under a separate agreement, the RFP includes these services as well

DHS received and evaluated individual proposals for Dietary and Cafeteria Services at DHS facilities from Morrison and Sodexo for each of the four facility groups. As a result of the RFP evaluation process, Morrison, was the overall highest ranked (and lowest cost) Proposer for each of the four facility groups, with Sodexo following as the second ranked Proposer. Sodexo was debriefed by DHS on the RFP evaluation criteria and results. Immediately following the debriefing, Sodexo submitted formal notice to DHS of its intent to request a Proposed Contractor Selection Review (PCSR) of proposals submitted for each of the four facility groups

DHS anticipates negotiations with Morrison will soon reach a successful conclusion. Subject to DHS receiving Morrison's official Letter of Intent that the negotiated Agreements are their firm offer, DHS will subsequently notify Sodexo of the results of the negotiations. The notice would include, per Sodexo's request and in accordance with Board Policy No. 5.055, a copy of Morrison's proposal and evaluation documents, along with a deadline by which a PCSR could be requested.

The request for a PCSR must set forth detailed facts to demonstrate that, but for the Department's alleged failure, the Proposer would have been the lowest cost, most responsive and responsible bidder, or highest-scored Proposer. Should Sodexo submit one or more requests for PCSR, an impartial DHS manager would review the request and issue a written decision. Moreover, if Sodexo were not satisfied with the decision, the next step of the Protest Policy would allow Sodexo to request a County Independent Review, which would be performed by the Internal Services Department (ISD). The final report of ISD's findings would be provided by DHS to Sodexo before any recommendation for successor agreements are presented to the Board.

The current Agreements expire on September 30, 2015. The requested extension periods will allow for i) continued services until DHS completes the Protest Policy process and obtains Board approval for new Agreements and ii) facilities to transition from existing to new Agreements.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The estimated cost for respective services at each facility during the recommended extension period is as follows: \$1,230,000 H-UCLA MC and \$16,125 for HUMPHREY CHC, respectively; \$3,007,619 for LAC+USC MC; \$834,000 for OV-UCLA MC and \$23,500 for High Desert RHC, respectively; \$895,068 for RLANRC; \$345,250 for MLK OC, for a total of \$6,351,562.

Funding is included in DHS' FY 2015-16 Adopted Budget.

Revenue for Public Cafeteria Services at H-UCLA MC is estimated at \$17,628.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Honorable Board of Supervisors
9/8/2015
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The County has contracted out Dietary and Cafeteria Services for many years. The Agreements identified in the above recommendations were extended with approval from the Board for the period of April 1, 2013 through March 31, 2014. The Board also delegated authority to the Director, or his designee, to further extend these Agreements through September 30, 2015.

The Agreements may be terminated for convenience by the County in its sole discretion, with no less than 30 days' written notice.

All Agreements have the current Living Wage language and the contractors are in compliance with the Living Wage Program. The Agreements also include the latest Board policies.

County Counsel has approved Exhibits I, II, III, IV, V and VI as to form.

CONTRACTING PROCESS

These Dietary and Cafeteria Services Agreements were initially awarded as a result of a competitive solicitation process. Currently, DHS solicited proposals through the competitive Prop A compliant solicitation process and intends to return to the Board in the near future with recommendations for award of successor Dietary and Cafeteria Services Agreements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the recommendations will allow for the continued provision of Dietary and Cafeteria Services at DHS facilities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz", with a stylized flourish at the end.

Mitchell H. Katz, M.D.
Director

MHK:es

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors